



FESIA A. DAVENPORT  
Chief Executive Officer

## County of Los Angeles CHIEF EXECUTIVE OFFICE

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*"To Enrich Lives Through Effective And Caring Service"*

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March 23, 2021

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

### **APPROVE INCREASE IN FILMLA PERMIT FEES (ALL DISTRICTS AFFECTED) (3 VOTES)**

#### **SUBJECT**

Approval of the proposed increase for FilmLA's permit fees to allow the organization to recover from COVID-19 shutdown and reduced Film and Television production in the region.

#### **IT IS RECOMMENDED THAT THE BOARD:**

Find that the proposed actions are statutorily exempt from the California Environmental Quality Act for the reasons stated in the Board letter and the record.

#### **IT IS RECOMMENDED THAT THE BOARD AFTER THE PUBLIC HEARING,**

Approve the proposed increase in FilmLA's permit fees, which will enable the organization to recover from the impacts of the COVID-19 pandemic shutdown and reduced film and television production in the region.

#### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Due to the COVID pandemic, the film and television industry (Industry) experienced a 48 percent decline in production in 2020, reaching its lowest production levels in 25 years. As permit fees are FilmLA's sole revenue source, the financial impacts of this decline had negative impacts on FilmLA's operating budget and reserves along with their ability to keep pace with the increased costs of providing their services and support to its multiple constituencies, including the County of

Los Angeles (County). As a result, FilmLA is requesting approval to increase their fees for permitting services above the Consumer Price Index (CPI), as allowed by their existing contract with the County. The increases remain far below most other jurisdictions in the County (Attachment 1). Furthermore, these increases do not impact the standard County property use fee of \$400 per day, payable to each respective department where the filming has occurred.

FilmLA recently conducted an analysis of its financial status to determine the best approach to recover its significant decline in reserves and put the organization on an eight-year course toward re-establishment of reserves while continuing to provide services at full capacity. As a result, FilmLA seeks to:

1. Suspend and eliminate non-essential spending; and
2. Increase permit fees above CPI to account for increased costs due to the changing production environment brought on by the pandemic.

The proposed permit application fee of \$795 represents a 13.7 percent increase from the previous rate of \$699. Other permit fee increases are within the range of 13-15 percent (Attachment 2). The financial analysis conducted by FilmLA compared the current fee structure against the proposed increases to determine the most prudent path to financial recovery. More importantly, the proposed 13.7 percent increase reflects the reasonable cost to FilmLA, as the contractual film permitting agent of the County, of carrying out the film permit processing requirements, substantiated by its recent analysis of the costs associated with that task. The proposed fee increase, because it reflects the reasonable cost of processing and issuing film permits as envisioned in the FilmLA contract, complies with "Proposition 26," found at California Constitution, Article XIII C, section 1(e). The proposed fee increases are exclusively cost recovery in nature.

In addition to the financial analysis above, FilmLA reached out to film and television industry stakeholders including various industry-related business groups, chambers of commerce and the independent film sector. There was no opposition to the fee increases from these groups. Further, FilmLA's board of directors approves of the increases. Their board of directors is comprised of representatives from each of the six major studios, unions, guilds, and associations.

### **Implementation of Strategic Plan Goals**

This recommended action supports Goal 1, Operational Effectiveness/Fiscal Sustainability of the County's Strategic Plan, by continuing to receive accurate, efficient, and responsive film and still photography permit coordination services.

### **FISCAL IMPACT/FINANCING**

There will be no impact to the County General Fund with this recommended action.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The County and FilmLA entered into Agreement Number 77080 for Film and Still Photography Permitting Services on September 22, 2009 (Agreement), for an initial term of five years with two optional five-year extensions. The Agreement provides the County the sole option to extend the term for up to two, five-year additional periods, for a maximum total term of 15 years. The County of Los Angeles Board of Supervisors (Board) exercised its first option as Amendment No. 1 to extend the term of the Agreement on September 9, 2014, with expiration on September 21, 2019. On September 17, 2019, the Board approved the second option to extend the Agreement, as

Amendment No. 2, for an additional five years, from September 21, 2019 to September 20, 2024. Amendment No. 2 allowed FilmLA to charge permittees increased permit application fees below the allowable Consumer Price Index (CPI) to cover their costs associated with coordinating and processing County film/photography permits.

Exhibit A, Section 1 of the FilmLA contract states that upon the written request of the Contractor, the County Project Manager, in his/her sole discretion, shall have the authority to annually adjust the Permit Application Fees based on the increase or decrease in the United States Department of Labor, Bureau of Labor Statistics Consumer Price Index (CPI) for the Los Angeles-Riverside-Orange County Area for the most recently published percentage change for the 12-month period preceding the Agreement anniversary date, which shall be the effective date for any cost-of-living adjustment. However, any increase shall not exceed the general salary movement granted to County employees as determined by the Chief Executive Office as of each July 1 for the prior 12-month period. Furthermore, should fiscal circumstances ultimately prevent the Board from approving any increase in County employee salaries, no cost of living adjustments will be granted. When an adjustment in the permit application fees is made, a minimum of 14 calendar days of notice must be provided by the Contractor to the entertainment industry before the new fees are charged. Notwithstanding the above, the Contractor shall be permitted to adjust the permit application fees above the CPI level provided the Contractor obtains approval from the Board.

Pursuant to Section 66018 of the California Government Code, prior to adopting a new fee or approving an increase in an existing fee, a local agency shall hold a public hearing. In accordance with Section 6062a of the California Government Code, notice of the hearing shall be published. The County is in compliance with the requirements of these sections. The public notice has been placed in the classified section of the Daily News on March 12, 2021 and March 19, 2021. In addition, FilmLA reached out to film and television Industry stakeholders, including various industry-related business groups, chambers of commerce and the independent film sector, to solicit input on the proposed fee increase. Per the County's agreement with FilmLA, they are required to provide a 14-day notice to the film industry before implementing the fee increase. Film LA has indicated that they will provide a 30-day notice on their website upon approval from the Board.

The proposed fee increase is exempt from the California Environmental Quality Act because it is not a project pursuant to Public Resources Code section 21065. The proposed action does not cause either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment as defined therein.

### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

If the proposed fee increases are not approved, FilmLA may have to reduce its level of County film/photography permit coordination services as it is currently operating at a loss of \$500,000 per month.

### **CONCLUSION**

The proposed FilmLA permit fee increases above the CPI are due to the financial impacts of the COVID-19 pandemic on the entertainment industry which have resulted in fewer permitted productions. FilmLA's revenue is drawn exclusively from its permit fees. Therefore, reduced production activity as well as increased costs have caused undue financial stress on their operations. Once approved by the Board, FilmLA will implement the increases immediately.

The Honorable Board of Supervisors

3/23/2021

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Should you have any questions concerning this matter, please contact me or Allison E. Clark, Senior Manager, at (213) 974-8355 or [allison.clark@ceo.lacounty.gov](mailto:allison.clark@ceo.lacounty.gov).

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Fesia A. Davenport". The signature is fluid and cursive, with a large initial "F" and "D".

FESIA A. DAVENPORT

Chief Executive Officer

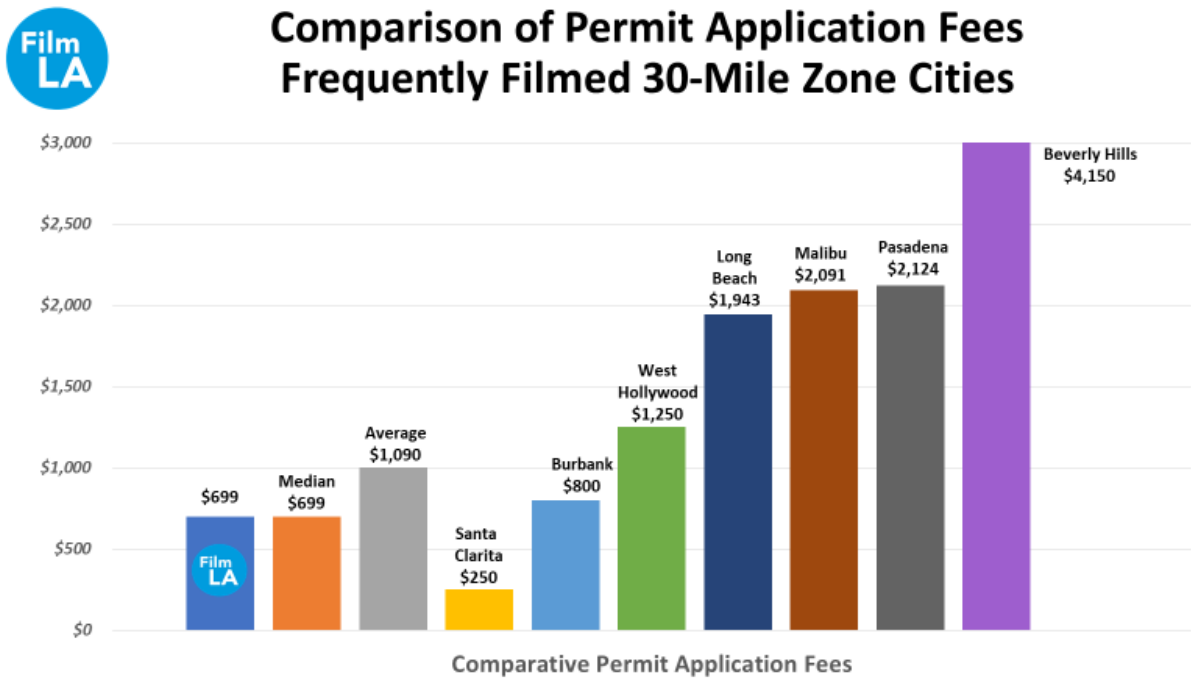
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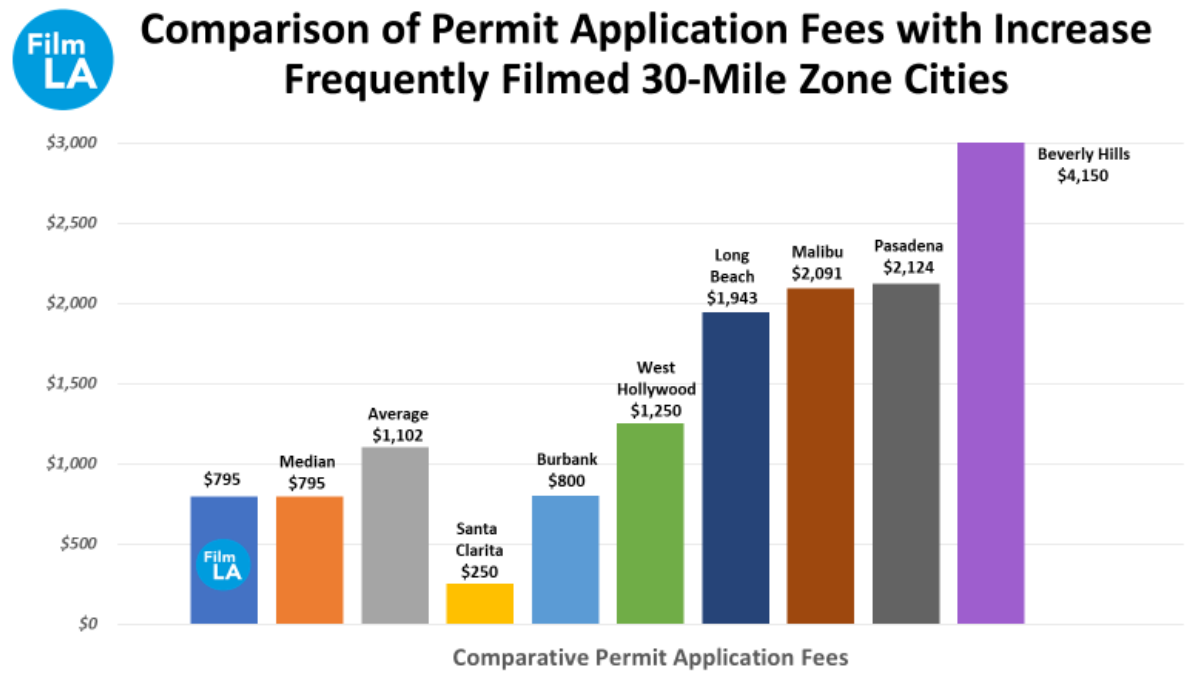
Enclosures

c: Executive Office, Board of Supervisors  
County Counsel  
FilmLA

# Comparison of Permit Application Fees



## Proposed Increase



**PROPOSED FEE INCREASE CHART**

Fee Types	Rates FY2020 & FY2021	Maximum Increase Allowable Under Client Contracts	Proposed Rates
Permit Application Fee (up to 10 locations)	\$699.00	\$761.49	\$795.00
Permit Rider Fee	\$111.00	\$120.92	\$126.00
Modified Permit Application Fee	\$55.00	\$59.92	\$63.00
Modified Permit Rider Fee	\$27.00	\$29.41	\$31.00
Monitor Fees	\$32.50	\$35.41	\$37.00
Monitor Fees Overtime	\$49.00	\$53.38	\$56.00
Monitor Fees Doubletime	\$65.00	\$70.81	\$74.00
Still Application Fee	\$66.00	\$71.90	\$75.00
Still Rider Fee	\$22.00	\$23.97	\$25.00
Student Permit Fee Complex	\$100.00	\$108.94	\$114.00
Student Permit Fee Simple	\$26.00	\$28.32	\$30.00
Notification Fee ( <i>Base Radius</i> )	\$173.00	\$188.47	\$198.00